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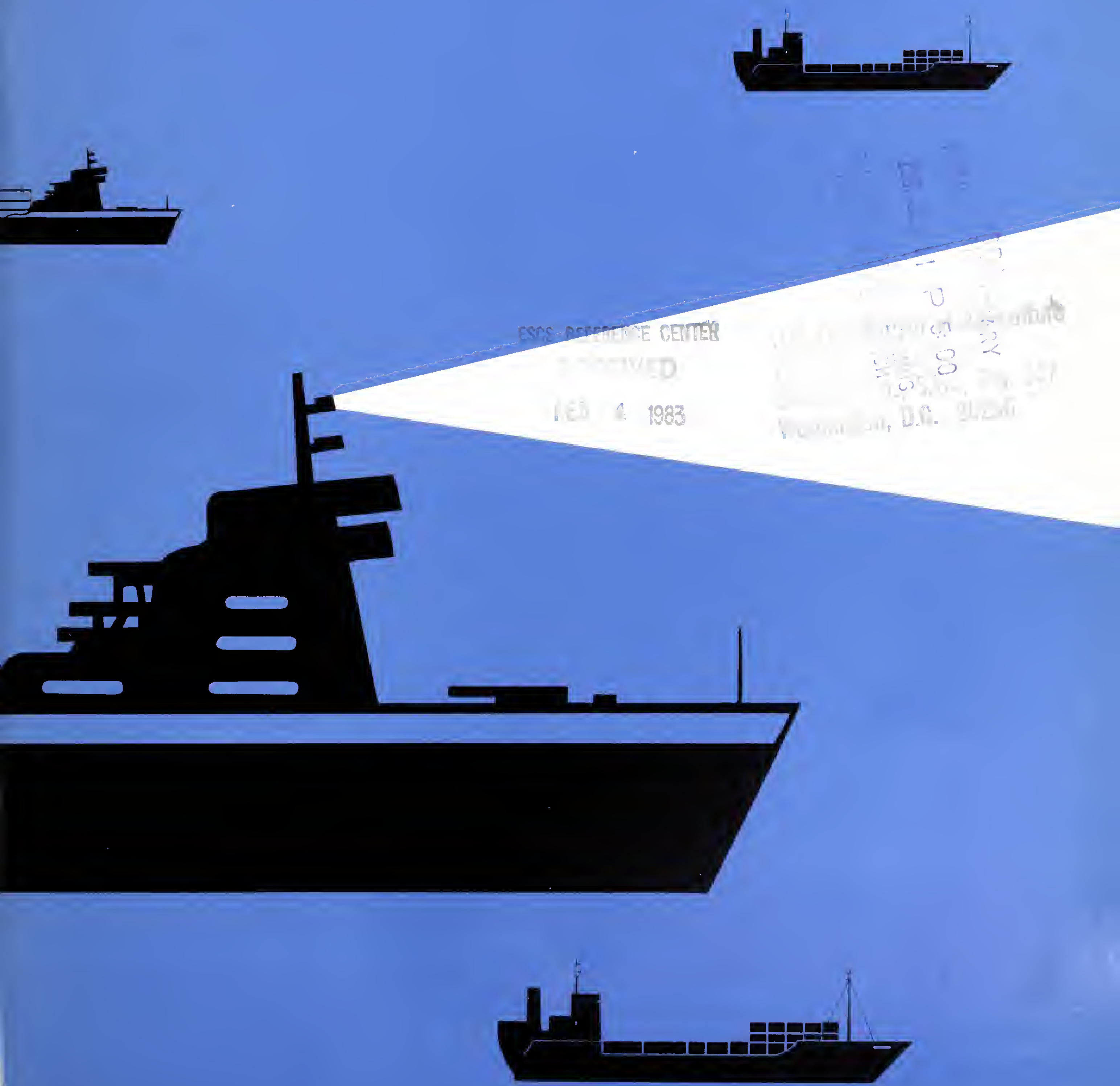
Outlook '83



Marketing News

New U.K. Meat Inspection Facilities Opened

Thanks to efforts of the **U.S. Meat Export Federation (MEF)**, fresh meat can now be airfreighted directly to the United Kingdom through a new inspection facility at London's Gatwick airport. MEF had requested the facility because of the inability to import small quantities of meat into the country within a short period of time. Prior to the facility's opening, meat had to be airfreighted to continental Europe and transshipped to the United Kingdom

MEF says that importers often request small quantities of U.S. meat on a trial basis before purchasing larger shipments. MEF hopes that U.S. meat exporters will take advantage of this new form of access by air to increase the marketability and distribution of fresh meat to the United Kingdom.

Talking Turkey in Singapore

Thousands of shoppers in Singapore recently got the chance to sample U.S. turkey, chickens and ducks at U.S. Food Fair '82, which was held in cooperation with a chain of supermarkets. The **Poultry and Egg Institute of America's (PEIA)** Singapore office reported that the two-week fair resulted in a fourfold jump in sales for U.S. chicken legs, whole chickens and ducklings. U.S. turkey sales increased eight times.

A "Bright" Report on Asian Cookies and Crackers

U.S. Wheat Associates' (USW) consultant Hugh Bright recently returned from a seven-week assignment sizing up Asia's cookie and cracker industry—a major market for U.S. white wheat sales. In Korea, the cookie and cracker industry is again showing a growth rate such as that of the early 1970s—15 to 20 percent. USW expects an increase of the same magnitude in consumption of U.S. wheat in this market in 1982 and 1983.

Although the Philippine economy is still in the doldrums, the cookie and cracker industry there is showing a healthy growth rate—perhaps the best in the past 10 years. Bright found that many of the younger executives in the Philippine cookie industry have an open approach to production and marketing that is having a good effect on the development and modernization of the local industry.

In Indonesia, however, most of the biscuit companies Bright visited are maintaining their current level of sales, but see no significant increases this year. Bright gave a one-day seminar on suitable flour specifications for cookies and crackers at the Bogasari Flour Mill, which is producing flour—all from U.S. western white wheat—for required cookie specifications. Bright ended his visit to Indonesia on a high note, saying the U.S. share of the market was expected to reach nearly 64 percent in 1982—the highest in years.

The atmosphere throughout Malaysia's cookie and cracker industry is one of optimism and confidence. Interest in learning more about cookie production techniques is high, and three of the largest companies are interested in sending personnel to the United States for training. Bright said this high interest, coupled with the availability of U.S. western white wheat flour, should boost the quality of products on the market.

Biscuit factories in Singapore are maintaining their sales despite increased competition from imported products. Although Japanese flour is being used by the largest company there, it is probably milled from U.S. wheat. In Bangladesh, Bright found an enthusiasm for producing biscuits of good quality at affordable prices, despite the low profit return.

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Features

Many Variables To Restrain U.S. Trade in 1983 4

Surpluses, weak demand and low farm prices are likely to continue in 1983; as a result, exports may dip 4 percent to $37.5 billion.

Special Sections on the World Agricultural Outlook for:

Coarse Grains 7

Oilseeds 10

Cotton 15

Fruits and Vegetables 16

Livestock and Dairy 17

Tobacco 18

AGNET, INFODATA, AGRICOLA and...Herbie 19

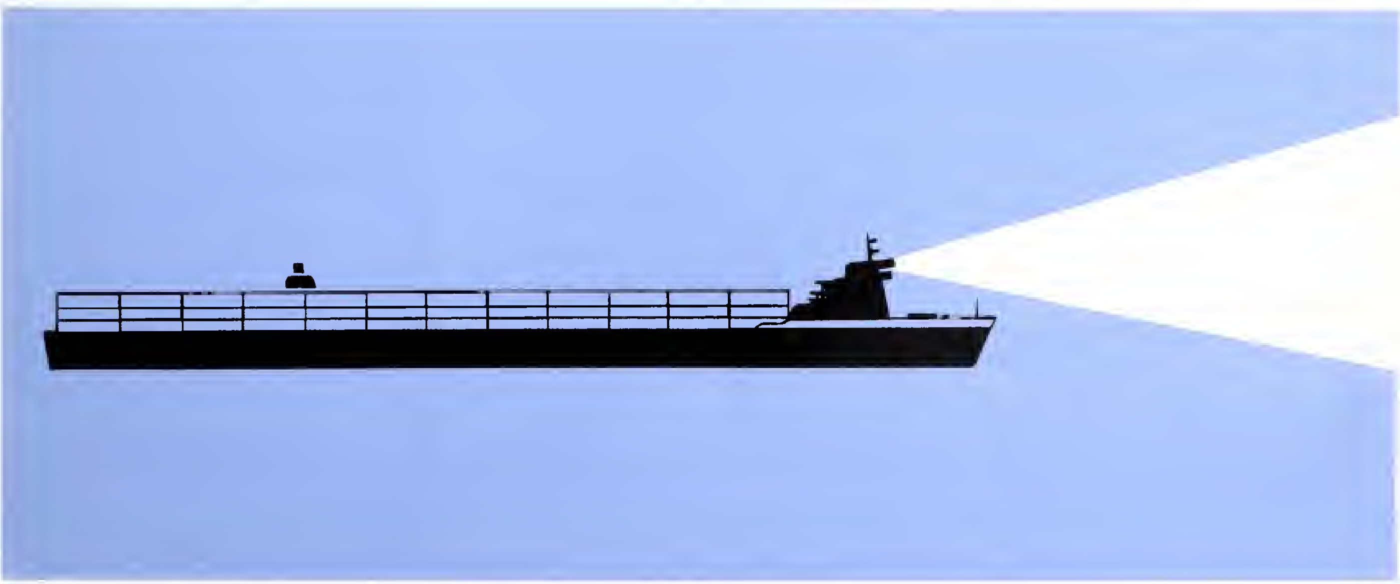
As agribusiness becomes more complex, FAS is turning strongly toward electronic information to help farmers, ranchers and business people.

Departments

Marketing News 2

Fact File: Wrap-up of fiscal 1982 trade 12

Country Briefs 21



Many Variables To Restrain U.S. Trade in 1983

By Alan T. Tracy

The current setting for U.S. agricultural trade is one of tremendous surpluses, weak demand and, therefore, low farm prices.

U.S. agricultural exports in fiscal 1983 are likely to be restrained due to the three-to-four quarter lag effect that the appreciated U.S. dollar and slow global economic growth in 1982 will have on exports in 1983. Some of the key factors that will determine whether our outlook at this point will take shape include:

—The world's weather or a significant change in crop prospects in the United States, major competitors or major importers.

—The value of the U.S. dollar.

—The strength of the U.S. and global economic recovery in 1983.

—The success of efforts to alleviate the debt problems of many developing and East European nations.

—The size of Soviet grain purchases.

—A change in Soviet grain import policy.

Despite problems, the overall market outlook for U.S. farmers appears to be improving. The U.S. economy is turning, gathering strength, and is headed in the right direction.

Long-term export prospects are good. The potential market—the world's population—is growing steadily. Despite the current economic recession, economic development overseas is creating demand for more foods and better foods. U.S. farmers—clearly the most efficient producers in the world—are in the best position to supply this demand.

Exports This Year May Dip 4 Percent

But for the short term, the value of U.S. agricultural exports in fiscal 1983 may dip 4 percent to $37.5 billion despite the best efforts. The likelihood of a continued strong U.S. dollar, a weak global economic recovery, and smaller Soviet grain imports may restrain U.S. exports.

A carryover of more than 147 million tons of grain is likely at the end of this marketing year. That's more than double what it was 2 years ago.

Despite an increase in corn export volume, smaller wheat shipments and lower corn and wheat prices in fiscal 1983 are forecast to result in a drop in total grain and feed export value of 5 percent to $16.7 billion.

Wheat Exports To Decline Slightly

Wheat export volume is forecast to decline slightly from 45.5 million tons to about 44.5 million, primarily because of increased competition from Canadian, Argentine and EC exports. With a sharp rise in U.S. ending stocks, prices are expected to decline, resulting in a drop in the total value of wheat and flour exports from $7.6 billion to $7.0 billion.

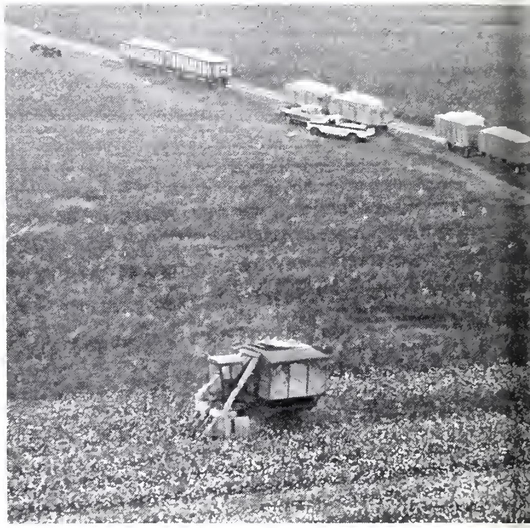
Rice shipments are forecast to drop from 2.9 to 2.7 million tons due to larger foreign rice production and ample stocks in consuming nations. Coupled with low prices, this will result in a decline in the total rice export value from $1.1 to $1.0 billion.

The total value of U.S. exports of oilseeds and products in fiscal 1983 is forecast at $9.0 billion, down 8 percent from last year, reflecting lower prices for the whole oilseed complex.

Soybean Shipments To Hold Steady

Soybean export volume is forecast roughly the same at about 25.5 million tons because of stronger competition from Brazilian exports. And lower prices are expected to result in an 11-percent decline in total U.S. export value to $5.8 billion.

Cotton and linters export volume in fiscal 1983 is forecast to drop 15 percent to 1.3 million tons because of record 1982 Chinese cotton production, which will sharply reduce their



imports. A weakness in cotton demand and imports in major markets will also limit export volume.

Tobacco export volume in 1983 is forecast to show little change from last year's level of around 255,000 tons. Prices are expected to increase, however, yielding a total export value somewhat below $1.5 billion.

Livestock and product exports are forecast to rise 8 percent in total value to $3.4 billion because of larger shipments of beef and tallow. Higher prices for beef and pork exports are also forecast.

EC/Brazilian Subsidies To Cut U.S. Poultry Shipments

Poultry meat shipments in fiscal 1983 are forecast to decline to about 290,000 tons, hurt by subsidized EC and Brazilian exports, especially to the Middle East. Despite higher prices for most products in the poultry sector, poultry and poultry product shipments in fiscal 1983 are forecast to decline slightly from about $580 million last year.

Dairy exports are forecast to fall sharply to below $300 million because of much smaller butter shipments. This could change, however, if the United States begins exporting its surplus in response to EC intransigence on export subsidies.

The value of sugar and tropical products exports is expected to fall slightly to below $800 million because of a $70-million drop in sugar exports. Exports of flavoring syrups and extracts, however, are expected to reach a record $260 million.

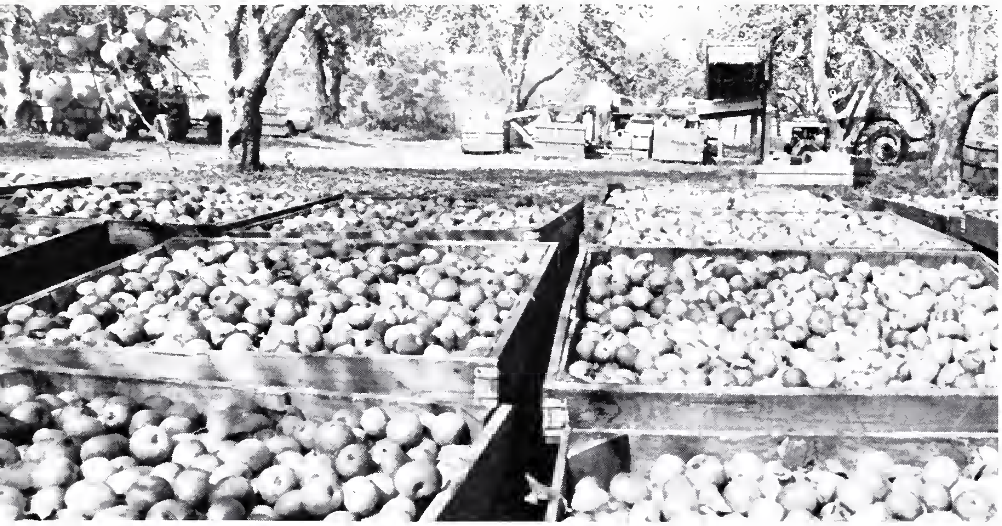
Citrus, Nuts To Boost Horticultural Exports

Finally, exports of horticultural products in fiscal 1983 may recover slightly to $2.9 billion. Larger shipments of fresh citrus and higher tree nut prices are expected to account for most of the increase.

Many of the problems that plagued U.S. exports in fiscal 1982 unfortunately will not go away in fiscal 1983. Lagging economic activity in many countries and only slight expansion in livestock feed requirements continue to weaken global use of agricultural products. Financial constraints facing several importers will continue to be a problem. The dollar continues to be strong, limiting potential expansion in foreign use of U.S. agricultural products despite lower U.S. prices.

Weak Demand Will Add To Stocks Buildup

Weak demand for crops and large supplies point to a significant 1982/83 buildup in world grain, soybean and cotton stocks. Most of this will be in the United States.



While U.S. supplies are building up at an alarming pace, recession has hit many U.S. customers. Several countries have slipped into severe financial distress, weakening demand for U.S. farm products.

Trade Restrictions Continue To Restrict Access

The worldwide tendency toward restrictive trade policies continues to affect exports. Two particular problems are Japan and the European Community.

Japan may be a good U.S. customer, but it severely restricts imports of beef, citrus and many other products—mostly of the high-value type. If Japan wants continued free access to U.S. industrial markets, it will need friends in U.S. agriculture. It is only fair for them to grant access to products that the United States produces efficiently.

The EC, on the other hand, is subsidizing excess production into exports that compete with American farmers. U.S. farmers, unfortunately, have been forced to compete against the treasuries of European capitals.

The question is what is the United States going to do about it?

The U.S. Position

The U.S. position has been that it is willing and eager to negotiate on these issues—to play by the international trading rules of the General Agreement on Tariffs and Trade. But the United States is not prepared to lets its agricultural trade go by default; if negotiation fails, this country will defend its trading rights by whatever means are necessary. Those representing the United States in the policy arena intend to stand up for U.S. agricultural interests and do whatever is required to bring about a more responsible attitude on trade from our trading partners.

It is apparent in dealing with this and other problems facing U.S. agriculture—whether they be domestic or international—that consideration will need to be given to some dramatic and drastic measures that are radical departures from the past.

What are the alternatives?

U.S. Options in Trade Policy

The United States could maintain the status quo and watch its competitors edge it out of even more markets. This is not acceptable. U.S. farmers depend on exports and it is the job of those in government to make sure those markets are there for them.

The United States could join its competitors in using subsidies and other restrictive trade practices. But such distortions only make exporting more expensive and no one benefits. However, the United States may be forced to turn to short-term subsidies for agricultural products or to take other actions if other nations do not heed this warning.

Or the United States could work to make its competitors more price responsible. That is by far the best long-term solution. But it will take time, creativity and initiative. Farm policies do not change overnight.

U.S. Tools for Boosting Trade

In the meanwhile, the United States does not intend to just stand back and let its markets erode away. There are some measures that can be used, such as blended credit, government-industry sales teams, a pinpoint planning system for the use of market development funds, and a new U.S. Agricultural Trade Office in Saudi Arabia.

And new emphasis is being given to the export of high-value products, already worth $12 billion to $13 billion a year. Semi-processed products such as flour and meals figure importantly in the high-value group. ■

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Coarse Grains

By Allen A. Terhaar

World coarse grain trade in 1982/83 will decline to around 99 million metric tons from the record level of 106 million in 1980/81. This would be the second consecutive year of decline in global coarse grain trade, but still the fourth highest level on record.

The USSR and Eastern and Western Europe account for nearly all of the decreased trade prospects, while less developed countries and China should show increased import demand. Almost the entire adjustment in coarse grain trade has been in corn, as world barley and sorghum trade have shown continued growth. With about 72 percent of world trade consisting of corn, most of the downward adjustment has come out of U.S. corn exports.

U.S. Coarse Grain Exports To Hold Steady

U.S. coarse grain exports during July-June 1982/83 are expected to be 61.5 million tons, roughly the same as in 1981/82. Reduced world import demand and greater foreign export availability are cutting into U.S. movement in spite of record availabilities and low prices.

After years of picking up much of the growth in trade, the United States saw its share fall in 1981/82 because of greater output by competitors and the lingering effects of the Soviet grain embargo. Some of that share is expected to be recovered in 1982/83.

Coarse grain shipments by major foreign exporters will likely decline 4-5 million tons from the record 1981/82 year. Export prospects in 1982/83 will be somewhat dampened by the decline in world coarse grain import demand as well as by smaller crops in Australia, Argentina and Thailand. Coarse grain exports by these countries are, however, forecast to be at their second highest level.

Mexico To Re-Enter the Market

Mexico will need to return to the world market for large coarse grain imports in 1982/83. A serious drought reduced the 1982 crop and declining inventories have already led to Mexican purchases of around 2.8 million tons of coarse grains for 1982/83 delivery.

Total Mexican imports during July-June 1982/83 are currently expected to reach 5.5 million tons. Imports could

go higher if financing can be found. Imports are expected to include corn for human consumption and feed grains.

After 3 years as a sizable corn importer, Brazil has returned to a net coarse grain exporting position. Back-to-back record crops and only modest growth in feed use have permitted Brazil to re-enter the export market, and it is expected to export about 0.5 to 1.0 million tons of corn in 1982/83.

A Shift in Eastern Europe

Eastern Europe has been a region of major change in the world coarse grain situation over the past 2 years. Once thought to be a region of relatively steady long-term growth in feed grain import demand and consumption, the recent financial crisis has gravely affected East European ability to finance imports and to continue the expansion of livestock and poultry production.

The financial problems are apparently causing a reassessment of the livestock growth plans throughout the region and have already caused some major readjustments in Poland, Czechoslovakia and Romania. Coarse grain imports during 1982/83 are expected to be less than half the level of only 2 years ago when annual imports averaged around 11 million tons. In 1982/83, the region will account for only about 5 percent of global coarse grain trade, compared with around 10 percent in earlier years.

Soviet grain output in 1982 apparently surpassed the disastrous 1981 crop, but was the fourth consecutive poor harvest in that country. The somewhat larger total crop of 180 million tons, combined with continued large animal inventories, means that coarse grain imports will continue to be large during 1982/83.

However, slow Soviet purchases and shipments of coarse grains worldwide during the first 5 months of July-June 1982/83 indicate imports for that period could fall substantially below the record 25.6 million tons imported during 1981/82. Nevertheless, at 19 million tons, imports would be the second highest on record.

West European Imports To Decline

West European imports are expected to decline to around 21 million tons in 1982/83, compared with nearly 23 million in 1981/82. A large coarse grain crop in the EC, combined with increased use of domestic barley and wheat for feed, has contributed to reduced demand.

Depressed internal grain prices could stimulate some additional use of grain in livestock and poultry rations. EC coarse grain exports during 1982/83 are also expected to increase. In other West European countries, larger crops are likely to reduce import demand, but imports of 11.5 million tons—the second highest level ever—could occur.

OPEC Imports on the Rise

Coarse grain imports by OPEC countries have increased about 100 percent since 1978/79 to over 7 million tons in 1982/83. The most dramatic growth in coarse grain imports by OPEC countries has been in Saudi Arabia, which is expected to import 2.8 million tons in this July-June marketing year.

The growth of coarse grain imports by other OPEC countries, while not as dramatic as Saudi Arabia's, represent potential for substantial future growth.

Korean Imports Seen Rising

Korea's coarse grain imports are expected to exceed 2.8 million tons in 1982/83. Most of these imports will be of corn, with an increasing proportion of sorghum because of internal pricing policies. Taiwan's imports in 1982/83 are expected to reach 3.8 million tons. Japan's coarse grain imports during 1982/83, forecast at 18.5 million tons, should continue roughly on par with import levels of the past 3 years.

Increased use of rice in mixed feed will likely displace some potential sorghum imports. The weakening value of the yen in relation to the dollar may keep much of the decrease in U.S. coarse grain export prices from being passed on to Japanese farmers, thus blocking potential demand growth.

A large coarse grain crop in China is expected to be supplemented by coarse grain imports of at least 2 million tons in 1982/83.

Population growth, increased industrial use of corn and the beginning of a feed/livestock industry are pushing Chinese demand for coarse grains higher this year. This growth can be expected to continue and probably amplify in future years as well.

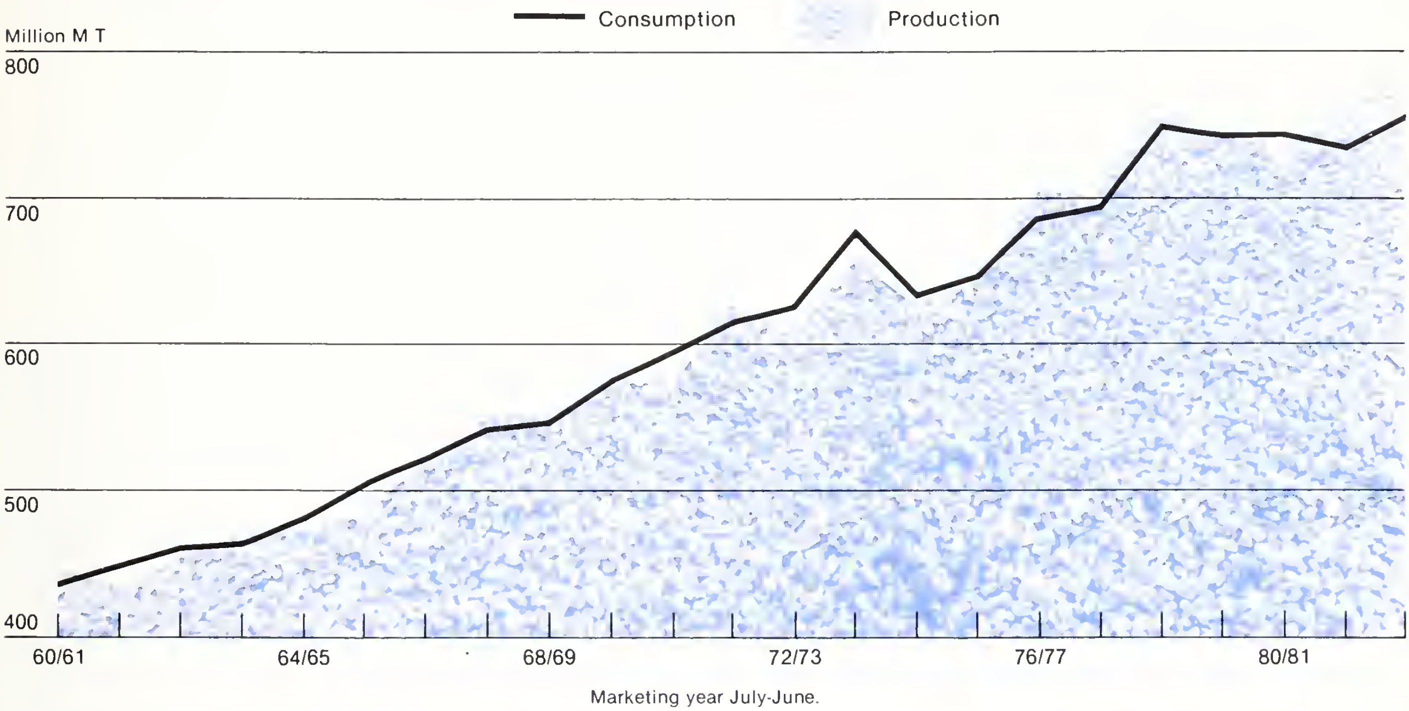
In major foreign exporting countries, availabilities for exports are forecast to decline only slightly.

Canada's Exports Down Slightly

Canada's coarse grain exports could decline slightly from last year's record volume because of a weakened world barley market. A drought-reduced crop in Thailand will cut into 1982/83 exports, though shipments are likely to remain high. Australian coarse grain exports will suffer both from a smaller crop and increased domestic use because of the severe drought. Australia may even choose to import some feed grains or feed wheat to offset shortages in critical areas.

In South Africa, a relatively good crop is necessary to move exports back up to the 1981/82 level. Argentine coarse grain production is likely to be somewhat reduced this year because of emphasis on wheat production.

World Coarse Grain Production Continues To Exceed Consumption



Includes apparent consumption for all purposes.

Since the crop is just being planted, much attention will be focused on this crop and on Soviet purchasing patterns in Argentina over the upcoming months. Even with a smaller crop, Argentine coarse grain exports could total 12 million tons during July-June 1982/83, or about 12 percent of global trade.

Stocks Building Up At Alarming Rate

For the second consecutive year, world feed grain (coarse grain) production significantly exceeds consumption. The resulting buildup in ending stocks is expected to leave 1982/83 world stocks 26 percent above the 1981/82 level and 75 percent above the level of 2 years ago.

Global coarse grain stocks are forecast to grow to a record 105 million tons in 1982/83. These stocks will represent 19 percent of utilization—the highest percentage since 1965.

More than 73 percent of these stocks will be held in the United States. Total foreign stocks, excluding those in China, Eastern Europe and the USSR, are expected to decline 8 percent. Stocks held by major foreign grain exporters are expected to remain virtually unchanged as these countries continue to move all the grain produced rather than hold it, even at a time of slow world demand and low prices.

U.S. To Have Largest Buildup

Stock buildup in the United States has been particularly sharp, with this country forecast to hold three times the amount of feed grain stocks at the end of this year as it did in 1980/81.

The bulk of U.S. stocks and nearly all their growth are occurring in the farmer-owned reserve and Commodity Credit Corporation inventories. U.S. coarse grain stocks in the farmer-owned reserve alone now exceed this year's anticipated exports.

The international economic situation will probably continue to have some adverse impact on coarse grain import demand. It is difficult to determine just how significantly or how long this effect on coarse grain trade may last. Heavy foreign indebtedness and tight credits were certainly a major factor in East European import demand reduction.

Without new credit for agricultural imports, other heavily indebted countries, such as Mexico, may need to cut back on feed and food grain imports. However, with livestock and poultry consumption increasing as staples in many diets, it is difficult to cut grain imports as an austerity measure when per capita consumption is already low. ■

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Oilseeds

By Philip L. Mackie

The outlook for world oilseeds in 1982/83 is essentially a repeat of last season: larger production and continued weak demand.

This will lead to lower prices and a buildup of stocks—particularly of soybeans. The volume of U.S. exports of most oilseeds commodities was forecast in mid-November to hold near 1981/82 levels, but reduced prices will pull the export value down about 8 percent to about $8.9 billion.

Global soybean exports rose nearly 4 million metric tons last season to 27.8 million tons as the U.S. share of the trade jumped from 82 to 91 percent. Because of the larger crops expected in South America, the U.S. share this season may fall somewhat.

U.S. Soybean Exports Rising

Exports of U.S. soybeans are forecast at 25.6 million tons, up 1 percent from last season.

The top U.S. soybean markets are likely to be the European Community (EC), Japan and Spain. To offset smaller domestic crops, Mexico probably will expand imports sharply. Most of these requirements will come from the United States.

Exports from South America (Brazil, Argentina and Paraguay) may rise about a million tons to 3.1 million in 1982/83. However, Brazil is importing about a million tons a year—mostly from neigboring countries—to fill excess crushing capacity.

This season's trade expansion in soybeans probably will not match that of last season.

As a result of larger oilseed crops looming in the EC and strong competition in world oil markets, increased EC demand for meal is expected to be met mainly through higher imports of meal. Most of these imports will come from the United States and Brazil, with U.S. crushers logging the larger gains.

The global trade in soybean meal may expand 6 percent, but that for soybean oil is forecast to remain flat.

The leading U.S. meal market will be the EC, while that for oil will be Pakistan.

The United States is the major factor in the world oilseed trade because soybeans and products are the most important oilseed traded. More than half of the U.S. soybean crop goes into export channels. However, the United States is less a factor in the world market for fats and oils because soybeans are relatively low in oil content.

Record World Output Seen

World oilseed production is projected at 184.9 million tons—some 13 million tons and nearly 8 percent greater than the year earlier. It also would be nearly 11 million tons more than the previous high in 1979/80.

Soybean production worldwide is forecast at a record high 97.6 million tons, up 13 percent from the previous year.

The United States accounts for about two-thirds of the world's soybean production and nearly two-fifths of total oilseed output.

EC and USSR Lead In Meal Consumption

Among major foreign consumers, the two fastest growing areas for soybean meal consumption are now the EC and the USSR. Growth in other major areas—Eastern Europe, Mexico and Brazil—has slowed or reversed in the past few years.

A steady global growth in soybean oil consumption is seen, particularly in the developing countries where it relates to population growth. Palm oil is making sharp inroads in these markets, but that expansion should taper off later in 1983.

Buildup in World Stocks

A sharp buildup in world soybean stocks to a record 20.4 million tons is forecast for 1982/83 and most of this will be in the United States.

Heavy stocks of soybean oil—built up in 1979/80 and 1980/81—have largely been worked off. They are expected to stay at more normal levels in 1982/83. With high interest rates and plentiful supplies of competing oils, the trade is not likely to build oil stocks in 1982/83. Potentially, vegetable oil production worldwide may increase 4 million tons in 1982/83, compared with a gain of 3 million tons last season. But actual output will be less because of the expected increase in soybean stocks.

U.S. exports of vegetable oils are expected to be about the same as last season, with some expansion in sunflowerseed oil exports about offsetting reduced supplies of cottonseed oil.

Most of the increase in U.S. exports of soybean oil in 1981/82 went to Pakistan, mostly under P.L. 480 or Commodity Credit Corporation programs. Government programs play a very important role in U.S. exports of soybean oil, with 416,000 tons or nearly half of U.S. exports covered by these programs in 1981/82.

World palm oil production is increasing nearly 1 million tons this season. And rapeseed output is up sharply in the EC and Canada, while sunflowerseed production is rising rapidly in the United States and Argentina.

Despite only a small increase in palm oil production in 1983, larger stocks will keep supplies plentiful. Bigger EC rapeseed and sunflowerseed crops will put pressure on EC demand for

soybean oil and soybeans for crushing. But it also means less competition for U.S. crushers of sunflowerseed.

A larger Canadian rapeseed crop this season will be offset by reduced carry-in stocks. The crop also is reported to be of relatively low quality.

A brief look at some other major U.S. oilseed exports follows.

Sunflowerseed—U.S. exports have been shifting from the EC to other markets, particularly Mexico. Increased production of soft seeds in the EC and strong demand in Mexico largely account for this shift. Expanded shipments of sunflowerseed to Spain last year resulted from the failure of the Spanish crop.

Much of the increase in U.S. sunflowerseed production is expected to be crushed domestically. A large part of the expanded oil production will go into export and about offset the reduced amounts of U.S. cottonseed oil this season.

Cottonseed—Although only about one-third the level of soybean oil exports, U.S. exports of cottonseed oil are extremely important to the industry as more than half of U.S. production is normally exported. Moreover, the market is very narrow, with more than 80 percent of these purchases made by just four countries—Egypt, Venezuela, Japan and the Dominican Republic.

Peanuts—U.S. exports are recovering slowly from the disaster of 1980, but they still have quite a way to go to return to the levels—and the promising prospects—of the late 1970s.

The short supplies and sharply higher prices in 1980/81 both stymied demand and brought new competition—particularly China—into the market. Recovery in exports of U.S. peanuts and peanut oil is proving to be slower than anticipated. ■

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Fact File — Fiscal 1982 Wrap-up

U.S. Farm Exports Dip

U.S. agricultural exports in fiscal 1982 totaled $39.1 billion, down 11 percent from a record $43.8 billion in fiscal 1981. Export volume slipped to 158.1 million tons, 3 percent below the previous year. The volume of wheat and soybean exports, however, rose to a record high.

U.S. Agricultural Exports Fall

Area	1981	1982	Change
Developed	20.9	20.1	-4
EC-9	8.9	8.9	0
Japan	6.7	5.7	-15
Other	5.3	5.5	+ 4
Developing	16.9	14.0	-17
Latin America	6.9	4.9	-28
Africa	2.8	2.4	-14
Asia	7.2	6.6	-9
Centrally Planned	5.9	5.1	-15
USSR	1.7	2.3	+ 36
China	2.2	1.8	-17
Eastern Europe	2.1	0.9	-55
Total	**43.8**	**39.1**	**-11**

Export values declined in six of the ten top agricultural markets in fiscal 1982, increased modestly in two, and shot up dramatically in another two. The two foreign markets registering the largest percentage gains in fiscal 1982 were the Soviet Union and Spain—up 46 and 48 percent, respectively. The 48-percent increase by Spain enabled it to replace Italy in the list of the top ten markets.

Exports Decline to Six of Top Ten Markets

Market [1]	1981	1982	Change
	Bil. dol.	*Bil. dol*	*Percent*
Japan	6.706	5.712	-15
Netherlands	3.171	3.252	+ 3
USSR	1.573	2.301	+ 46
Canada	2.022	1.845	-9
China	2.117	1.801	-15
South Korea	2.136	1.607	-25
Spain [2]	1.123	1.663	+ 48
West Germany	1.723	1.572	-9
Mexico	2.723	1.493	-45
Taiwan	1.105	1.166	+ 6

[1] Not adjusted for transshipments.
[2] Includes Canary Islands.

The Top Ten Exports

Of the top ten export commodities, only tobacco and soybeans increased in value. Slight decreases occurred for all other commodities, with the exception of corn and rice, which showed 34- and 25-percent declines, respectively.

Soybean shipments rose 28 percent in fiscal 1982 to a record 25.5 million tons. Wheat and flour export volume increased 5 percent to a record 45.8 million tons. Corn shipments, however, fell 16 percent to 49.6 million tons.

Most Major Commodities Decline in Value

(Fiscal Year Basis)

Commodity	1981	1982	Change
	Bil. dol.	*Bil. dol.*	*Percent*
Wheat & wheat flour	7.965	7.616	-4
Soybeans	5.986	6.479	+ 8
Corn	8.966	5.962	-34
Livestock products	3.148	3.164	+ 1
Horticultural products	3.084	2.851	-8
Cotton & linters	2.248	2.163	-4
Tobacco	1.339	1.486	+ 11
Soybean cake & meal	1.601	1.453	-9
Rice	1.537	1.149	-25
Feeds & fodders	1.012	.998	-1

Wheat and Soybean Volumes Rise to Record Highs

Commodity	1981	1982	Change
	Mil MT	*Mil MT*	*Percent*
Corn	59.367	49.608	-16
Wheat & wheat flour	43.606	45.805	+ 5
Soybeans	19.972	25.477	+ 28
Grain sorghum	7.702	6.290	-18
Soybean meal	6.154	6.266	+ 2
Feeds & fodders	5.820	6.000	+ 3
Horticultural products	3.405	3.139	-8
Rice	3.172	2.911	-8
Barley & oats	1.934	1.980	+ 2
Oilseeds, other than soybeans	1.554	1.647	+ 6

Top Markets' Purchases of Leading Commodities

(In million dollars)

Country [1]	Soybeans	Corn	Wheat flour [2]	Livestock & prod.	Horticultural prod.	Cotton	Feeds & fodders	Soybean meal	Tobacco	Rice
Japan	1,040	1,259	564	732	479	542	126	12	290	—
Netherlands	1,397	171	85	136	85	1	557	501	61	19
USSR	179	950	1,107	15	19	—	—	—	—	—
Canada	80	33	—	232	832	53	53	77	8	47
China	95	139	1,250	21	1	292	—	—	—	—
South Korea	139	328	310	183	15	442	1	15	8	83
Spain	714	467	15	41	27	21	1	20	103	1
West Germany	539	138	32	107	179	49	79	142	184	13
Mexico	89	75	99	251	50	1	25	8	—	1
Taiwan	284	231	115	100	42	214	3	—	63	—
Total	**4,556**	**3,791**	**3,577**	**1,818**	**1,729**	**1,615**	**845**	**775**	**717**	**164**

[1] Not adjusted for transshipments. [2] Includes products.

Major Regions

On a regional basis, U.S. farm exports to Asia, the United States' major market, declined by more than a tenth from 1981. Strong gains in sales to South Asia could not compensate for declines elsewhere in the region. Exports to Western Europe, the next largest regional market, rose modestly as non-EC countries upped their purchases enough to more than offset lower sales to the EC.

Sales Surge to USSR and Oceania

Region	1981	1982	Change
	Bil. dol.	*Bil. dol*	*Percent*
Western Europe	11.824	12.164	+ 3
European Community	8.921	8.894	0
Other	2.093	3.270	+ 13
Eastern Europe	2.056	.920	-55
USSR	1.706	2.322	+ 36
Asia	16.133	14.137	-12
Middle East	1.780	1.486	-17
South	.598	.711	+ 19
Southeast, East	4.832	4.383	-9
Japan	6.739	5.737	-15
China	2.184	1.819	-17
Canada	2.141	1.872	-13
Africa	2.845	2.447	-14
North	1.514	1.389	-8
Other	1.331	1.058	-21
Latin America	6.870	4.938	-28
Mexico	2.732	1.493	-45
Central America & Caribbean	1.181	1.112	-6
South America	2.957	2.333	-21
Oceania	.208	.294	+ 41

Imports and Trade Balance

Total U.S. agricultural imports for fiscal year 1982 were valued at $15.34 billion, down 11 percent from the year before, with the volume unchanged. Imports of the leading competitive items—fruits, nuts, and vegetables—increased more than a tenth. However, meat and sugar imports—two other big items—declined. Imports of the top two non-competitive items— coffee and cocoa—declined in value.

The agricultural trade balance recorded a surplus of $23.75 billion, down 11 percent from the fiscal 1981 surplus of $26.56 billion.

Agricultural Trade Surplus Slips

(In billion dollars)

Item	1981	1982
Exports	43.78	39.09
Imports	17.22	15.35
Trade surplus	26.56	23.74

Coffee, Horticultural Items Top Import List

(In billion dollars)

Commodity	1981	1982
Competitive		
Dairy & poultry prod.	.619	.663
Meat & meat prod.	2.222	2.024
Live animals	.339	.401
Other animal prod.	.550	.464
Fruits, nuts, & veg.	1.996	2.230
Oilseeds & prod.	.908	.509
Sugar & related prod.	2.417	1.380
Tobacco unmanufac.	.366	.336
Wines & malt beverages	1.131	1.230
Other vegetable prod.	.784	.857
Total competitive	**11.302**	**10.094**
Noncompetitive		
Bananas, plantains	.529	.582
Coffee, green & processed	3.078	2.813
Cocoa beans & prod.	.953	.707
Rubber and allied gums	.767	.578
Spices	.146	.138
Tea	.132	.126
Other noncompetitive prod.	.311	.308
Total noncompetitive	**5.916**	**5.252**
Total	**17.218**	**15.346**

Cotton

By Russell G. Barlowe

Exports Account for a Large Portion of Cotton Crop

(Thousands of 480-lb. bales)

Year	U.S. Production	U.S. Exports	U.S. exports as % of production
1977/78	14,389	5,484	38
1978/79	10,856	6,180	57
1979/80	14,629	9,229	63
1980/81	11,122	5,926	53
1981/82	15,646	6,567	42
1982/83 [1]	11,947	5,815	49

[1] November estimate.

The world's cotton consumption continues to be plagued by sluggish economic activity while record supplies in 1982/83 are depressing producer prices around the globe.

Global export trade is expected to drop about 10 percent below last season's level as U.S. exports fall by nearly a million bales.

U.S. exports are estimated at 5.8 million bales, with the dropoff primarily reflecting reduced sales to China.

The rather gloomy world cotton situation is likely to continue into the 1983/84 season and beyond unless interrupted by weather problems in several major producing areas or by a speedy and vigorous revival in textile activity.

On the trade side, import demand worldwide has weakened appreciably since 1979, after strengthening during the 1970s.

Global imports this season are forecast at 18.1 million bales (480 lb. net), down from 20 million in 1981/82 (Aug.-July). This will be the smallest level since 1976/77.

Increased production in several major importing countries—notably China—as well as stagnant consumption by other major importers, principally in the Far East and Europe, are responsible for the decline.

Export Levels Fall

The reduced import demand translates into smaller exports worldwide.

Global cotton shipments this season are estimated at 18.2 million bales, nearly 2 million below those of last season and the 1976-80 average.

U.S.exports are expected to account for about a third of the world trade, slightly below last season's share.

Production Projected Below 1981/82 Record

World cotton production this season is seen slipping about 5 percent below 1981/82's record of 71 million bales.

The decline primarily reflects reduced harvested area and output in the United States.

Still, global cotton output remains near the trendline of the past decade that shows an annual growth of about 700,000 bales. Most of this increase has originated outside the United States.

China has displaced the United States as the top cotton producer. China is expected to harvest a record 15 million bales this season. Production in the USSR, the second leading cotton producer, is forecast at 13.3 million bales.

Cotton production in the United States, the No. 3 producer, is estimated at 11.9 million bales, reflecting reduced acreage but record-high yields.

Cotton Use Expands

Despite the current worldwide economic slowdown and intense competition from man-made fibers, cotton use in 1982/83 is estimated at 66.5 million bales—up about a million from last season.

Most of the gain in consumption may be in China where recessionary pressures are not as strong and the need of a growing population is the dominant factor.

In recent years, increased foreign use of cotton has more than offset declines in the United States. As a result, world consumption over the past decade has grown. This season, foreign use is projected at 61.1 million bales, a gain of 800,000 bales from the year earlier. Most of this increase will occur in China.

With the 1982/83 world production expected to exceed consumption slightly, global stocks may rise about 500,000 bales to 28.6 million. The United States may account for a little more than one-fourth of the world total, the highest percentage since the late 1960s. ■

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Fruits and Vegetables

By Gilbert Sindelar

The growth in fruit and vegetable exports during the past decade was truly remarkable. The United States began the 1970s with a conservative performance of slightly less than $400 million in export earnings. By the end of the decade, earnings totaled $3.1 billion.

But things have changed. In fiscal 1982 exports posted a decline for the first time in more than a decade—to $2.9 billion. The chances of doing better in fiscal 1983 are not overly promising either. In fact, export earnings will be fortunate to match last year's.

There are some threatening clouds on the horizon: the exceptionally strong position of the U.S. dollar in the world market, a worldwide recession that has kindled the resurgence of protectionist measures, and the threat by other countries to outlaw certain pesticides.

Much of the United States success during the 1970s took place when the dollar was in a very weak position internationally. Today, the dollar has taken on a much different complexion. When it takes more francs, kronor or yen to buy a product with the same dollar price tag, customers—real or potential—begin to slip away.

The worldwide recession has done much to alter international trade. Many countries face serious balance of payments problems, trade deficits, political strife, inflation and unemployment. All of these, no matter in what form, have made the conditions of market access very difficult.

In Brazil, a serious balance of payments problem has caused the government to stop issuing licenses for apples and pears, as well as a wide array of other food products.

In Colombia, a country of bright potential not too long ago, an extremely nervous situation now exists. In early September, Colombia issued a resolution mandating that importers of a number of horticultural products need approval of license applications from a tier of several agencies instead of just one as in the past. The effect has made it much more difficult or impossible to get an import license.

France recently began requiring all documents accompanying imports to be written in the French language or have a translation. These include bills of lading, labels, packages, contracts, phytosanitary certificates and promotional material. This is an obvious move to reduce imports.

And in Saudi Arabia—an important market for U.S. apples—buyers claim U.S. apples are no longer competitive with those from France, which benefit from an EC-wide export subsidy. The Arabian Peninsula is one of the eligible destinations.

Hong Kong, Indonesia, Malaysia and Singapore are also beneficiaries of this French subsidy. In 1981, U.S. apple exports to these five areas totaled almost 5 million cartons—about 30 percent of the total U.S. apple export market.

The U.S. market for processed horticultural products in the European Community continues to erode with the continuing presence of the EC processing subsidy. This system has already taken its toll on canned peaches and fruit cocktail, as well as raisins.

The issue of pesticides could have a serious impact on the direction of U.S. exports in the next few years. At the moment, Canada, Sweden and Finland have either implemented or proposed measures to reduce allowable residue levels of certain pesticides and fungicides, such as amitraz, captan and benomyl, on fruits and vegetables.

In all these cases, the residue levels are much lower than U.S. tolerances. The threat to U.S. fruit and vegetable trade to these countries is widespread. In one case, more than 12 fruit items, with exports in 1981 valued at $182 million, may be affected. ■

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Meats and Eggs

By Alan K. Hemphill

The world's red meat and poultry production and trade are not expected to make any notable gains in 1983 after registering a slight decline last year.

The current weak economic climate overhanging the world is depressing consumption levels, which in turn dampen trade. As a result, U.S. exports of livestock, poultry products and eggs are forecast at $4 billion in 1983, compared with $3.7 billion the year earlier.

Poultry

A softening of demand, particularly in the Middle East, has slowed expansion plans for such major exporters as the United States, Brazil and France.

Low prices in the United States helped hold poultry production to a 1-percent gain in 1982. The forecast for 1983 calls for a 2-percent increase in output.

This year's outlook for U.S. poultry exports is for a stabilization at the lower 1982 level.

In 1981, Egypt was the largest market for U.S. exports of whole broilers. However, during the first nine months of 1982, Egypt did not import any whole broilers from the United States. Egypt imposed a ban in February on imports of frozen chickens and table eggs from all sources. Currently, imports of frozen chickens and small amounts of table eggs have resumed, but tenders have gone mostly to Brazil, which subsidizes exports.

The stronger U.S. dollar and Egypt's shortage of foreign exchange have had a negative impact on U.S. exports of all commodities to that country.

Subsidized EC poultry exports to third-country markets—led by large French broiler sales to the Middle East—improved significantly in 1982. However, export gains in 1983 should slow because of reduced import demand.

Beef

World trade in beef and veal declined slightly in 1982 as production in a number of countries dropped. The global outturn of beef and veal in 1983 is expected to remain virtually the same as last year.

U.S. beef and veal exports may rise 10 percent in 1983, with shipments to Japan expected to provide most of the gain. Japan has an agreement under the Multilateral Trade Negotiations (MTN) to increase its imports of high-quality beef, almost all of which is imported from the United States.

The United States remains a net importer of beef. Australia's drought and the strengthening dollar encouraged higher imports of lean beef for manufacturing in 1982, even though prices were low. U.S. beef imports in 1983 are expected to fall from last year's level.

Pork

The 1983 world trade in pork may stay near the 1982 level following a slight decline from the year earlier.

The U.S. balance of trade in pork worsened in 1982, but is seen recovering somewhat this year. In 1982, declining production, higher prices and a stronger dollar reduced exports by approximately 20 percent and boosted imports, especially from Canada, by almost 10 percent.

Despite reduced competition from Denmark because of an outbreak of hoof-and-mouth disease, U.S. pork exports to Japan have been adversely affected by higher prices, a weaker yen and increased competition from Taiwan, Canada and some Scandinavian countries.

Eggs

The early estimate for the 1983 world egg production is set at 358 billion units. Last year's global outturn is estimated at 355 billion units, a gain of 5 billion over the the previous year. U.S. egg exports are forecast at $140 million in 1983, up from $127 million last year. ■

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Dairy

By Carol M. Harvey

As milk production in the world's major dairy countries continues to outstrip domestic demand—competition for overseas markets is becoming more intense.

Exports of U.S dairy products displayed continued strength in 1982, totaling $360 million. The 1983 export level will depend on the extent to which special export programs are used.

Despite the strong export showing the past two years, dairy product exports still represent only about 1 percent of U.S. production. U.S. dairy prices, among the highest in the world, slow export growth. In fact, most U.S. dairy product exports normally result from government assistance programs. U.S. government donations and sales account for more than half of these exports.

The United States is expanding its donation programs to needy persons overseas. Under P.L. 480 Title II and the recently reinstated Section 416 programs, considerable amounts of nonfat dry milk (NFDM) will be shipped abroad.

Right now, it appears that East Europe and the USSR may continue to be important markets for dairy products over the next several years. The extent to which they remain large importers will depend on their ability to overcome the difficulties experienced in producing sufficient dairy and livestock products to meet the demands of their people.

Both the European Community (EC) and the United States are carrying burdensome dairy stocks—the EC in skim milk and butter and the United States in these commodities and cheese. ■

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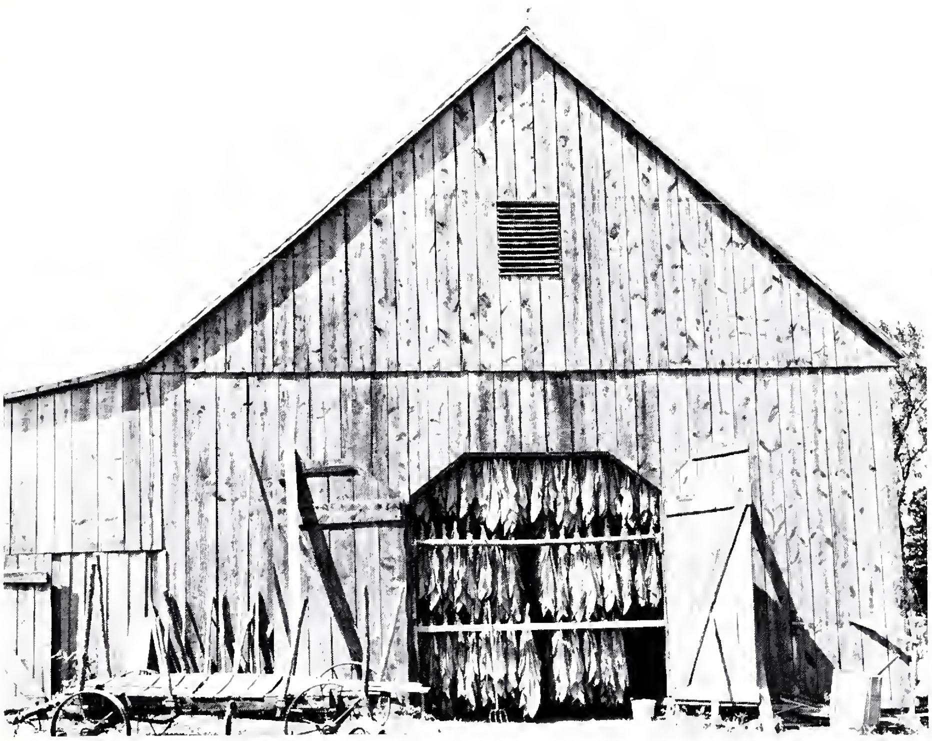
World Tobacco Outlook



By Kenneth E. Howland

World economic recession, higher tobacco taxes and increasing concern about the effects of smoking on health are likely to continue crimping U.S. tobacco exports in fiscal 1983.

The world's leaf trade likely will experience little overall growth in 1983 and, depending on the size of this year's crop and manufacturers' decisions on inventory levels, downward pressure on leaf prices could result.

With little growth in cigarette output expected in these countries next year, it appears likely that export demand for U.S. leaf will be down in 1983, perhaps to around 250,000 tons for $1.5 billion.

Preliminary data indicate that world leaf trade in 1982 failed to reach last year's record level. Exports totaled less than 1.4 million tons, down some 90,000 tons from the total exported in 1981. Shipments by most major suppliers were off for the calendar year, as consumption in importing countries stagnated and manufacturers worked down their stocks in the face of higher interest rates and anticipated weaker demand for their products.

On the import side, among major importers, only the United States, Belgium and the Soviet Union took significantly more leaf last year than the one before.

The United States will continue to play an important role in the world tobacco economy in 1983, but its role is changing. The United States now grows about 12 percent of the world flue-cured crop, down from 20 percent in 1978. The U.S. share of burley production this year is about the same as that of five years ago—nearly half of the world crop.

The United States remains the leading exporter of both flue-cured and burley. But during the 1977-81 period, the U.S. share of exports of these types declined from nearly one-third to less than one-fourth of the world total. Although world exports of flue-cured and burley grew by nearly 150,000 tons during these five years, U.S. exports fell by 14,000 tons, or by the equivalent of more than 20,000 acres of production.

The United States was the leading importer of leaf tobacco in 1982. Arrivals reached approximately 260,000 tons, or nearly one-fifth of total world imports. Since 1977, the United States has taken nearly three-fourths of the net increase in imports of all countries, excluding China, where short crops in 1979 and 1980 led to sizable imports in 1980 and 1981.

This substantial swing in the U.S. trade position is largely due to the difference in price between U.S. leaf and that of major competitors. Countries that have increased their shares of world exports—Brazil, Italy, Zimbabwe, Malawi and India—export their tobacco at prices significantly below the price of U.S. leaf.

Unless U.S./world leaf price relationships improve to the extent necessary to expand relative demand for U.S. leaf, it appears inevitable that in 1983 the United States will move further toward a net importing position, with production adjustments and/or stock buildup indicated.

Cigarette output in 1982 was expanded at a slower rate than in 1981 and in previous years. An overall increase of 1.5 percent in countries other than China is all that was expected. Substantial tax increases, which have dampened consumption in many European countries, and production for export by the United States and other leading cigarette exporters was down due to world recession and its impact on travel and duty-free sales.

For the past several years, cigarette output in countries—European Community, European Free Trade Association, Japan, Australia, and New Zealand which take more than two-thirds of U.S. leaf exports—has expanded at a rate of less than .05 percent. U.S. leaf has lost significant market shares in all of these countries. ■

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AGNET, INFODATA AGRICOLA and...Herbie

By Robb Deigh

Blip-blip-blip, whrrrrrr, clickity-click, bzzzzzt, tic-tic-tic. Long wires snaked along the floor, carrying millions of tiny electronic impulses. Cathode-ray tubes perched on nearly every table, offering up information in a ghostly green glow; keyboards of every description tapped out messages to computers hundreds of miles away and the computers answered back moments later on printers attached to telephones.

Computers talked to people; people talked to computers; computers talked to computers and people talked to people. And the topic was agriculture.

For two days in late November, an inner patio in USDA's Administration Building was the stage for a demonstration of 10 electronic information systems. The demonstration was part of the annual Agricultural Outlook Conference held in Washington, D.C. Normally, the only sound heard in the elegant marble atrium is the soft splashing of a small fountain. But during Outlook '83, the sound was drowned out by voices from conference-goers and computer terminals with names like AGNET, INFODATA, AGRICOLA and ONLINE. Isaac Asimov would have loved it.

Each day, hundreds of conference participants, during breaks between the many seminars, took time to listen to USDA staffers and others explain each system.

All of the systems provide valuable agricultural information. However, they vary in many ways. Some consist of simple units that cost less than a good-quality electric typewriter, while others are complex in their function and are quite expensive.

Systems also vary according to the expected requirements of the users. These factors include: the type of information available on the system, the degree of ease in obtaining the information and the speed of retrieval.

FAS provides a variety of information via AGNET

The following is a listing of types of information that FAS provides on AGNET. Material is added and revised on a regular basis.

Cotton
Weekly: update of cotton exports to major markets, plus tabular listing of new sales, cancellations, total exports, import prices c.i.f. Rotterdam and c. & f. Japan.

Monthly: tabular update of production estimates for the United States and key competitors; text and tabular coverage of global acreage, stocks, production, imports, exports, and use by region for the world.

Crop Production, World
Monthly: text and tabular update of developments in global production of five key crops; text and tabular summaries of changes in production for the USSR.

Dairy, Livestock and Poultry
Weekly: highlights of trade, production and policy developments.

Exports
Weekly: complete text and tables of export sales report.

Monthly: tabular rundown of value and volume of major commodity exports.

Quarterly: text and tabular updates of text summary of the export forecast for the current fiscal year.

Grains
Weekly: highlights of trade and production developments; import prices for wheat, corn, and sorghum c.i.f. Rotterdam and f.o.b. export prices for wheat and feed grains at key world ports.

Monthly: tabular update of corn and wheat production estimates for the United States and key competitors; text and tabular coverage of USSR grain area, yield and production.

Horticultural Products
Weekly: highlights of trade and production developments.

Oilseeds
Weekly: highlights of trade and production developments; import prices for U.S., Argentine and Brazilian beans and meal, and palm and groundnut oils, c.i.f. Rotterdam.

Sugar
Weekly: highlights of trade and production developments.

Tobacco
Weekly: highlights of trade and production developments.

Trade Leads
Daily reports on overseas requests for agricultural products.

Tropical Products, Other
Weekly: highlights of trade and production developments; import prices for coffee and cocoa prices ex-dock, New York.

The Foreign Agricultural Service is extremely active in the use of electronic dissemination of information. It maintains a growing list of reports that have proven very useful to the agricultural industry.

These reports include information on cotton, crop production, trade leads, prices, export forecasts and sales, grains, horticultural and tropical products, oilseeds, sugar, tobacco, dairy, livestock and poultry (see box on this page).

FAS places great importance on making its information easily available to farmers, ranchers, business people and other groups involved in agriculture. One of the primary methods of getting this information to the people who need it most is through the AGNET system. AGNET is an electronic information system operated by the University of Nebraska. It provides

a valuable supplement to other FAS media which include printed periodicals, news releases and radio and television broadcasts.

Information available from FAS via AGNET is prepared for distribution on the basis of contacts with many segments of the agricultural community. Feedback from users is also gathered to ensure material meets the needs of potential users. FAS reports within the system are obtained easily by subscribers.

For more information about the AGNET system, contact: AGNET, 105 Miller Hall, University of Nebraska, Lincoln, Neb. 68583. Tel. (402) 472-1892.

FAS maintains a large volume of information with the National Technical Information Service (NTIS), an agency of the Commerce Department. NTIS is a central, permanent source of information originated by many federal agencies and many of the largest businesses in this country. About a million different publications are on file on microfiche and computer tape, which can be reproduced when printed copies of the publications are out of stock. FAS data bases on foreign production, supply and distribution are available on tape from NTIS.

Recently, FAS also began storing copies of all its printed publications at NTIS as well. These are available to the public in microfiche. Persons interested in accessing FAS information through NTIS should contact: Sales Division, NTIS, 5285 Port Royal Road, Springfield, VA 22161. Tel: (703) 487-4650.

Other systems at the Outlook conference showed the wide range of USDA information available to the public electronically. The following is a brief description of the systems at the exhibit.

A demonstration of electronic marketing showed observers how buyers and sellers of lamb, for example, could transact business while remaining in their offices located in different areas.

The system was developed by USDA's Agricultural Marketing Service (AMS) in cooperation with the Virginia Department of Agriculture and Commerce and the Virginia Polytechnic Institute and State University. In 1982, producers in more than 10 states handled sales of more than 125,000 lambs using this system.

USDA ONLINE gives the public access to all USDA news releases via the DIALCOM network. Available materials include news releases about policies and programs on crop and livestock production, Economic Research Service report abstracts and a weekly letter for farm magazines and newspapers.

Market News INFODATA is an information system in which market news is transmitted via channels of the Public Broadcasting System (PBS). These PBS stations receive market news from USDA's AMS, encode the signal and send it as part of their regular broadcast. Users need only a television set and a decoder that costs about $200-$300 to receive the information.

For researchers and librarians, the CRIS and AGRICOLA provide information about most agricultural topics. CRIS lists current research projects at USDA and at state agricultural experiment stations and forestry schools. It includes 51,000 citations. AGRICOLA is the catalog and index for the USDA National Agricultural Library and covers materials published since 1970. About 1.5 million citations are available.

ESTEL provides producers and homemakers with popular reports on market news, weather, production information, energy conservation, home economics and 4-H news. In this system, home or business computers obtain data from a host computer in county extension offices.

Certainly the most visible of the displays during the conference was SAID (Satellite Assisted Information Dissemination). A satellite "dish" outside the conference location provided a stark contrast to the traditional architecture of the USDA building. Inside, at the exhibit, a computer terminal, linked with the dish, translated signals sent by satellite into readable language on a video screen.

All of the computer systems at the conference received much attention, except one—a small, four-wheeled computerized robot that delivers interoffice mail at the Department of Agriculture by following painted lines on the tiled floor and stopping outside of any office for which it has been programmed to drop off an envelope. USDA employees affectionately call the robot "Herbie."

At the end of the second day of the electronic display, hardly anyone noticed when Herbie wheeled by the patio. He stopped for a moment and let out a quiet "bzzzzt." At one of the displays, a computer terminal that was furiously typing data went silent and then responded with a "clickity-click." Herbie then went on his way to finish his work and the terminal resumed its furious printing. Some believe this story to be a bit far-fetched and futuristic. Then again, the same could be said for many of the events on the patio that day. ■

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Country Briefs

Canada

Removes Duty on Processed Almonds and Pistachios

After several years of concern and effort by the U.S. almond industry and the U.S. government, including USDA's Foreign Agricultural Service, Canada's Privy Council has removed the customs duty on processed and prepared almonds and pistachios. Because full duty removal normally requires action by Parliament, it is expected that the next federal budget will contain an amendment to the Customs Tariff which will reflect the duty-free status for processed almonds and pistachios.

Prior to 1975, Canada admitted U.S. roasted almonds tariff free but in 1977, under a reclassification of tariff items, they were subjected to a 17.5-percent duty. A subsequent ruling by the Canadian Tariff Board resulted in duty-free entry again. However, in 1980, a definitional change in tariff categories subjected these nuts to a 10.0-percent duty.

Following continued protests by the United States and a bilateral meeting in Ottawa in October 1981, the Canadian government agreed in August 1982 to provide duty-free entry of processed almonds and pistachios, including the roasted products.

China

Record Cotton Crop Could Lead To Exports

China has announced a record large cotton output of 3.35 million metric tons in 1982, up 350,000, or more than a tenth from the year before. According to government sources, domestic cotton output could satisfy the needs of China's textile industry and leave some for export. In recent years, China has been a large importer of cotton, purchasing $292 million worth from the United States in fiscal 1982.

Ecuador

End to Flour Subsidies To Trim Wheat Imports

With the end of Ecuador's $25-million subsidy program for wheat flour, the recent strong growth in U.S. wheat exports to the country is expected to slow. The artifically low consumer flour price under the subsidy program helped boost wheat imports to about 300,000 tons (all hard red winter) in 1981/82. In recent years, the United States supplied virtually all of Ecuador's wheat imports.

European Community

Barley Exports Pushed

Export demand for feed-quality barley continues to be strong; and the European Community, faced with a near record barley harvest, has apparently decided to compete aggressively with low-priced Canadian and U.S. barley on the world market. EC export authorizations for barley totaled 1.7 million tons through November—compared with 1.4 million tons for the comparable period of the previous season. Export subsidies in late November were about $71 per ton, some 40 percent higher than EC subsidies offered at the start of the season in August.

India

Falling Prices Boost Palm Oil Purchases

Falling prices for palm oil and very competitive prices for Brazilian soybean oil are adding to the difficulties in marketing U.S. soybean oil in India. That country was the leading market for U.S. soybean oil during 1977-80. Last year, India cut its vegetable oil imports back to about 1.0 million metric tons compared with 1.34 million in 1981, thanks to record domestic production. It also turned increasingly to palm oil because of its relatively favorable price. When the Indians did buy soybean oil, it was almost exclusively the lower priced Brazilian product.

Palm oil imports, in fact, swelled to about 46 percent of India's import total, versus a 39-percent share for soybean oil. Throughout the late 1970s, soybean oil was far and away the No. 1 oil import, with half the Indian market. Palm oil's share was only 37 percent. The market share of rapeseed oil has held fairly constant at about a tenth.

Mexico

Large Coarse Grain Imports Foreseen

Mexico will need to return to the world market for large coarse grain imports in 1982/83 after sharply reducing imports last year. A drought-reduced 1982 crop and declining inventories have already led to Mexican purchases from the United States of around 2.8 million tons of coarse grains for 1982/83 (July-June) delivery. The United States probably will supply nearly all of Mexico's coarse grain imports, projected at 5.5 million tons on a July-June year and 7.7 million on an October-September year. Imports could go even higher if financing can be found. The imports are expected to include feed grains, as well as corn for direct human consumption.

Nigeria

Wheat Imports Continue Growing

Heavy consumer demand for wheat products and rapid expansion of milling capacity are fueling wheat import demand in 1982/83 (July-June), despite a variety of trade barriers erected last April in an attempt to remedy the country's worsening foreign exchange position. Wheat consumption is projected to increase 10 percent and milling capacity by 30 percent over last year. The United States likely will again supply most of the 1.7 million tons of wheat expected to be imported.

Pakistan

Push on Poultry May Spur Soybean Meal Imports

U.S. soybean meal exporters may benefit from recent moves by Pakistan's government to stimulate poultry production.

The poultry industry in Pakistan is an important sub-sector of the national economy that has maintained a 30-percent growth rate over the past five years. However, due to spiraling production costs, poultry now is more expensive than mutton and beef, and egg prices have more than doubled in just a few months. Poultry exports, first undertaken in 1978/79, have also come to a standstill.

Poultry feeds account for 65-70 percent of production costs. To reduce these costs and encourage producers to use higher quality feed ingredients, the government recently lowered the import duty on soybean meal from 40 percent to 10 percent plus 10 percent sales tax plus 5 percent surcharge. The government hopes that production will grow sufficiently to lower the costs of poultry meat to consumers.

Poland

Wheat Will Be No. 1 Import

In 1982/83, wheat will be receiving top priority among agricultural imports in Poland. Given the relatively disappointing progress of domestic grain procurements, Poland will need to import 3 million tons during the July 1982-June 1983 year to avoid drawing down carryover stocks of wheat. Thus far, 2 million tons appear to have been lined up. Canada is committed under its three-year credit program to allow Poland to import 1.5 million tons of grain in 1982/83, almost all of which is expected to be wheat. Second, though the French have provided no new credits to the Poles for grain, Poland has reportedly made a cash payment for 500,000 tons of French wheat. The remaining 1 million tons of wheat will either be provided for by other members of the Council for Economic Mutual Assistance (most likely the USSR) or purchased on a cash basis from the West if sufficient funds are available. In addition to wheat, no more than 800,000 tons of feed grains are expected to be imported in 1982/83.

Scandinavia

Price Competition Intensifies for Raisin Imports

California raisins have always been very popular in the Swedish and Finnish market, and the U.S. market share has been steady at around 80 percent. However, high U.S. prices versus prices of raisins from the Mediterranean area—particularly Turkey—could cause problems for U.S. exporters. The Turks now produce a good quality raisin which is selling for 40 percent less than that which California growers can offer.

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